

## Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 EURE-00 SP-03 AID-20 EB-11 NSC-07

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03

H-03 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00 COME-00

EA-11 FRB-02 INR-10 NEA-10 NSAE-00 OPIC-12 LAB-06

SIL-01 SWF-02 OIC-04 PA-04 PRS-01 AGR-20 SCI-06 FEA-02

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O R 031240Z APR 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 2285

INFO AMEMBASSY BRUSSELS

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E.O. 11652: N/A

TAGS: EGEN, OECD

SUBJECT: AGENDA FOR ANNUAL OECD MINISTERIAL COUNCIL

MEETING: HEADS DEL DISCUSSION APRIL 2

REFS: A) USOECD 7633; B) STATE 065380

1. SUMMARY. SEC GEN VAN LENNEP'S PROPOSALS (REF A) FOR AGENDA FOR ANNUAL MINISTERIAL COUNCIL MEETING MET WITH LARGE MEASURE OF SUPPORT DURING HEADS DEL MEETING APRIL 2. US WAS SINGLE DEL TO PROPOSE FORMAL AMENDMENTS (REF B) TO DRAFT AGENDA. SEC GEN AGREED TO REFLECT ON US SUGGESTIONS. FRG, TURKISH AND AUSTRIAN DELS SUPPORTED US PROPOSAL FOR EXPLICIT INCLUSION OF ANTI-INFLATION POLICIES ON AGENDA; US SUGGESTION

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FOR INCLUSION OF INVESTMENT POLICIES EVOKED NO COMMENT.

END SUMMARY.

2. AFTER NOTING THAT PREVIOUS DISCUSSIONS BY HEADS OF GOVERNMENT HAD REVEALED WIDE MEASURE OF AGREEMENT FOR HIS IDEAS ON MINISTERIAL AGENDA, VAN LENNEP PROCEEDED TO BRIEF DESCRIPTION OF CURRENT SECRETARIAT THINKING FOR EACH ITEM AS FOLLOWS:

(A) UNDER ITEM L(A) ON COOPERATION IN ECONOMIC TRADE AND MONETARY POLICIES, VAN LENNEP SAID DOC WOULD BE BASED ON THAT PREPARED FOR APRIL 23-24 XCSS (CE(74)3) WHICH WOULD BE REWRITTEN IN STYLE AND FORM MORE APPROPRIATE FOR MINISTERS AND IN LIGHT OF RESULTS OF XCSS MEETING. MINISTERIAL DOCUMENT WOULD ALSO CONTAIN A MORE SUBSTANTIAL SECTION ON PROBLEM OF INFLATION AND DOMESTIC POLICIES IN RECOGNITION OF FACT THAT INFLATION WAS ONE OF MOST IMPORTANT PROBLEMS FACING ALL MEMBER COUNTRIES. DOC WOULD NOT DEAL WITH LDC PROBLEMS (TO BE TREATED UNDER AGENDA ITEM L(B)) EXCEPT TO EXTENT NECESSARY TO ROUND OUT GENERAL PICTURE. RANGE OF PROBLEMS TO BE TREATED UNDER ITEM L(A) WOULD THUS INCLUDE DEMAND MANAGEMENT, PRICE STABILITY AND INFLATION, TRADE AND MONETARY PROBLEMS, AND EXCHANGE RATE POLICIES IN A PERIOD OF GENERALIZED FLOATING. DOC WOULD SERVE AS BASIS FOR DISCUSSION AND ESPECIALLY FOR MINISTERIAL DECISIONS AND CONCLUSIONS IN A FRAMEWORK OF INTERNATIONAL COOPERATION, BUILDING ON RESULTS OF DELIBERATIONS IN XCSS AND ELSEWHERE. VAN LENNEP STRESSED NEED FOR MINISTERS TO DEMONSTRATE COOPERATIVE EFFORT NOT ONLY TO PREVENT ECONOMIC DOWNTURN OR PURSUIT OF ILL-ADVISED POLICIES, BUT ALSO TO PROMOTE, AT POLITICAL LEVEL, POSITIVE CONTRIBUTIONS TO BETTER FUNCTIONING OF ECONOMIES.

(B) UNDER ITEM L(B), POLICIES FOR COOPERATION WITH DEVELOPING COUNTRIES, VAN LENNEP SAID SECRETARIAT DOC WOULD DESCRIBE AND ANALYZE IMPORTANT CHANGES IN RELATIVE POSITIONS OF LDCS AS A RESULT OF RISES IN OIL AND RAW MATERIAL PRICES AND TAKE ACCOUNT OF WORK ALREADY DONE BY DAC, IBRD, IMF, WP-3, XCSS, WEC, C-20TH SPECIAL UNGA. VAN LENNEP AGAIN STRESSED NEED FOR CONSTRUCTIVE COOPERATIVE RESPONSES TO THESE PROBLEMS, LIMITED OFFICIAL USE

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HOPEFULLY IN FORM OF POLICY DECISIONS BY MINISTERS.

(C) UNDER ITEM 2, OECD COOPERATION ON ENERGY POLICIES, VAN LENNEP SAID THAT SECRETARIAT PAPER WOULD BE IN TWO PARTS: FIRST PART WOULD INCLUDE PROGRESS REPORT ON OECD LONG TERM ENERGY ASSESSMENT AND DESCRIPTION OF POLICY ISSUES EMERGING FROM IT. HOPEFULLY MINISTERS COULD GIVE PRELIMINARY INDICATIONS ON HOW THOSE POLICY ISSUES SHOULD BE HANDLED. SECOND PART OF DOC WOULD

DELINEATE TWO AREAS WHERE SHORT TERM COOPERATION WAS  
REQUIRED. FIRST WAS CONSERVATION AND ECONOMIZING IN  
THE USE OF ENERGY WHICH HAD SHORT TERM IMPLICATIONS  
FOR SUPPLY, PRICES, BALANCE OF PAYMENTS, AND ENVIRON-  
MENT. SECOND AREA WAS DOMESTIC PRICING POLICIES,  
WHICH WOULD FOCUS ON IMPORTANT ROLE OF MARKET  
MECHANISM AS WELL AS ON UNDESIRABLE ASPECTS SUCH AS  
WINDFALL PROFITS AND MANIPULATION OF PRICES FOR CRUDE  
AND REFINED PRODUCTS IN DOMESTIC MARKETS.

(D) TIMETABLE. SEC GEN SAID SECRETARIAT PLANS CIRCULATE  
FIRST DRAFT OF DOC FOR ITEM L(A) LATE NEXT WEEK, WITH  
OTHERS TO FOLLOW SHORTLY. DOCS WOULD BE REVIEWED

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AND MODIFIED BY REGULAR EXCOMM AND COUNCIL IN LIGHT OF DEVELOPMENTS ATXCSS AND ELSEWHERE WITH VIEW TO CIRCULATING THEM IN FINAL FORM IN FIRST DAYS OF MAY. FOR MINISTERIAL MEETING ITSELF, VAN LENNEP ENVISAGES DEVOTING ALL OF THURSDAY, MAY 16, TO ITEMS L(A) AND (B) WITH BRIEF DISCUSSION OF FOLLOW-UP AND CONCLUSIONS EARLY FRIDAY MORNING MAY 17. REST OF MAY 17 WOULD BE DEVOTED TO ITEM 2 AND COMMUNIQUE IN HOPE OF CONCLUDING MEETING FRIDAY EVENING.

3. REACTIONS OF HEADS DEL. UK, FRENCH AND JAPANESE DELS WELCOMED SECGEN'S PROPOSALS FOR AGENDA AND CHARACTERIZED THEM AS SATISFACTORY OR ACCEPTABLE. UK DEL SAID THAT CONSIDERATION MIGHT BE GIVEN TO ELEVATING L(B), LIMITED OFFICIAL USE

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POLICIES FOR COOPERATION WITH DEVELOPING COUNTRIES, TO STATUS OF INDIVIDUAL AGENDA ITEM FOR PRESENTATIONAL AND POLITICAL RATHER THAN SUBSTANTIVE PURPOSES. DECISION ON THIS COULD AWAIT RESULTS OF SPECIAL UNGA. FRENCH DEL, REFERRING TO EMPHASIS VAN LENNEP HAD PLACED ON NEED FOR MINISTERIAL DECISIONS AND CONCLUSIONS, SAID THAT THEY WOULD PROBABLY TAKE THE FORM OF ANSWERS TO QUESTIONS POSED BY SECRETARIAT IN DOCUMENTATION. IT WAS THEREFORE IMPORTANT FOR QUESTIONS TO BE POSED CLEARLY AND EARLY ENOUGH FOR MINISTERS TO HAVE ADEQUATE TIME TO CONSIDER THEIR RESPONSES. JAPANESE DEL STRESSED THAT DISCUSSION OF ENERGY ITEM SHOULD BE BROAD ENOUGH TO INCLUDE IMPACT ON OTHER POLICIES OF INTERNATIONAL IMPORTANCE INCLUDING RESTORATION OF WORLD ECONOMIC EQUILIBRIUM.

4. US REP (BROWN) NOTED THAT US REACTION AT THIS STAGE WAS GENERALLY POSITIVE, PROVIDED THAT AGENDA COULD BE RE-ARRANGED SOMEWHAT TO INCLUDE REFERENCES TO CONTROL OF INFLATION AND TO INVESTMENT POLICIES WITH COHSEQUENT MODIFICATION IN WORDING OF ITEM L ALONG LINES SUGGESTED REF B. BROWN AS WELL AS OTHER PERM REPS WHO SPOKE STRESSED THAT IN ORDER TO INSURE ADEQUATE PREPARATION, PARTICULARLY IN DISTANT CAPITALS, DOCS SHOULD BE CIRCULATED IN FINAL FORM NO LATER THAN MAY 1. FRG, AUSTRIAN AND TURKISH DELS WERE ABLE TO AGREE TO AGENDA AS PROPOSED BY SECGEN, BUT INDICATED THEY COULD ALSO ACCEPT MODIFICATION PROPOSED BY US TO INCLUDE ANTI-INFLATION POLICIES. FRG DEL HOPED THAT FURTHER DOCUMENTATION WOULD BE ISSUED BEFORE MINISTERIAL ON INTERNAL AND EXTERNAL SOURCES OF INFLATION AND POLICIES BEST DESIGNED TO COMBAT IT.

5. IN CONCLUDING REMARKS, VAN LENNEP SAID HE

WOULD REFLECT ON AGENDA MODIFICATIONSUGGESTED BY US.  
HE ALSO STRESSED THE IMPORTANCE HETTACHED TO REACHIHG  
A HIGH DEGREE OF POLICY CONSENSUS AT APRIL 23-24 XCSS  
ESPECIALLY IN TRADE POLICY FIELD. SUCH CONSENSUS  
WOULD FACILITATE TASK OF REACHING IMPORTANT POLICY  
DECISIONS AND CONCLUSIONS AT MINISTERIALMEETING

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6. COMMENT. MISSION WILL FOLLOW UP USG AMENDMENT  
PROPOSALS IN TALKS WITH SECGEN AND MEMBER COUNTRIES IN  
DAYS AHE.  
BROWN

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## Message Attributes

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